

Integrating diversity and inclusion throughout your business:

A risk management game-changer



ISO D&I standard and Zurich consulting service help companies address challenges, opportunities of diversity, equity and inclusion.

If it was not evident before, the events of the last few years have made it abundantly clear that a failure to address diversity, equity and inclusion (DEI) can present great risk to an organization. Yet until recently, there was no clear method to assess the current state of these principles across an organization and identify opportunities to improve. Complicating the situation has been a preponderance of solutions and approaches, along with an overwhelming stream of consultants arriving on the scene to try and save the day.

Companies were left with the feeling that diversity, equity and inclusion issues were becoming increasingly complex, and the list of possible solutions endless. The result was that many organizations, truly wanting to improve in a meaningful way, didn't know where to start and which solutions would be most effective. Meanwhile, other organizations have been trying different approaches but were not seeing much traction, and left wondering what to try next and where their blind spots or barriers might be.

Thankfully, in May 2021 the International Organization for Standardization (ISO)¹ provided a robust framework to help companies effectively analyze their DEI efforts and identify areas of opportunity.


It's not an exaggeration to say that ISO Standard 30415, "Human Resource Management – Diversity & Inclusion," is a game-changer. It's the first internationally recognized method for analyzing and assessing diversity, equity and inclusion risks and opportunities.

Zurich has always been committed to helping its customers mitigate risk, and offering support in the diversity, equity and inclusion area is no exception. Zurich Resilience Solutions' expertise in this ISO standard, with our Workplace Diversity, Equity and Inclusion Service, can help our customers navigate this difficult landscape and help ensure that DEI initiatives are truly integrated throughout their organization.




The risks of ignoring diversity, equity and inclusion


Let's quickly review the potential legal and financial risks when an organization fails to address diversity, equity and inclusion:



In fiscal year 2022, the Equal Employment Opportunity Commission (EEOC) obtained more than \$513 million in monetary benefits for victims of discrimination, and resolved over 65,000 charges of discrimination.² This figure represents an all-time high.



Private litigation jury verdicts are skyrocketing as well. The greatest number of EEOC charges being filed concern retaliation, disability, race, and sex. In fact, the type of EEOC claim that surpasses all other claims is retaliation, which indicates that many workplace environments may not be perceived as safe places for employees to express concerns about fair treatment or seek changes to the culture.



This is a clear indicator that inclusion and belonging (as well as psychological safety) are lacking in many organizations. Each year, the Equal Employment Opportunity Commission (EEOC) increases its outreach initiatives to educate at-risk workers about their rights regarding employment discrimination. Shareholders are holding boards of directors accountable, and customers are asking for annual DEI data from their suppliers and vendors. The bottom line is that the financial impact of neglecting DEI considerations could come in the form of lawsuits, regulatory fines and penalties, shareholder actions and/or loss of customers. At one time, DEI programs may have been considered a “nice to have” for many organizations. Today, regulators, customers and shareholders view a DEI commitment as a “must have.”

Additionally, there is potential financial impact due to a decrease in a company's profitability. Studies show that diversity leads to more innovation and better business performance. Research by McKinsey in 2020 shows organizations that have gender diversity on their executive team are 25% more likely to be more profitable than their peers, while racial/ethnic diversity on the executive team means the organization is 36% more likely to outperform competitors.³ A 2018 study by the Boston Consulting Group also found that companies with a diverse management team have a 19% higher rate of revenue from innovation.⁴ It's no wonder that shareholders are taking notice of this research and looking for accountability from boards of directors.

We also must acknowledge the talent-related costs. With the Great Resignation of 2021, record numbers of employees have left their jobs. According to Gallup, voluntary turnover costs U.S. businesses nearly \$1 trillion each year.⁵ It is more critical than ever for companies to retain their best employees. DEI efforts can differentiate an organization in the war for talent in good ways or bad.

A 2019 study by the nonprofit organization Catalyst found that inclusive practices in an organization accounted for a higher level of employee engagement and intention to remain with the employer.⁶ When DEI is embedded in a workplace culture, employees feel they can be their true selves in that environment, they are more engaged and purposeful, and they feel supported to reach their highest potential. This leads to greater loyalty and less attrition.

Where things stood before the ISO D&I standard

The value of ISO Standard 30415 is best appreciated when looking at the diversity, equity and inclusion landscape before its arrival last year. As noted earlier, ISO Standard 30415 is the first internationally recognized approach to DEI. But it's worth noting that prior to its release, there wasn't a nationally recognized approach in the U.S. either.

There were a variety of ways to talk about the subject and grapple with the issues, but no consistency. In many cases, there was also a lack of analytical rigor and thorough, holistic strategies. For instance, some DEI consultants have approached the topic almost entirely based on employee perceptions of the company's policies and processes. Others focus almost solely on employee resource groups and similar methods to improve inclusion. Then there are the efforts emphasizing supplier diversity and procurement practices. None of these efforts is wrong, but they are only part of the solution. Considerations of diversity and inclusion impact many different aspects of an organization and need to be addressed holistically and systematically.

Now with more and more customers and regulatory bodies requiring organizations to submit to annual information requests, we are faced with myriad questions, surveys and assessments that are not grounded on any one definition of success. It's very possible that a company could be deemed “successful” in diversity, equity and inclusion by one customer and to be “failing” by another, based on different standards. (You may have even asked someone in your organization how to measure success on DEI initiatives and received a blank stare in return.) A systematic method of measurement and a consistent framework were desperately needed.



The ISO standard: An all-encompassing approach to DEI

The ISO standard approaches diversity, equity and inclusion from a holistic perspective that covers all of the areas that an organization should consider. It also includes the required measures, accountabilities and outcomes that provide a consistent approach to determine success. This didn't happen overnight.

In 2010, the Society for Human Resource Management (SHRM) began working on the creation of a standard related to diversity and inclusion. This work transitioned from SHRM, which ceased creating standards, and ultimately was performed by ISO. The resulting standard not only advances international efforts toward greater diversity and inclusion, but it also advances four of the United Nations' sustainable development goals: gender equality; decent work and economic growth; industry, innovation, and infrastructure; and reduced inequality.



What is an effective DEI strategy according to the ISO standard?

As mentioned, one of the best aspects of the new ISO standard is its holistic perspective when viewing an organization's diversity and inclusion practices. The ISO standard is thorough and all-encompassing in the way it guides an organization to advance diversity and inclusion.

Many DEI programs are focused only on HR policies and practices, and some are only focused on specific HR practices, like hiring, and don't consider the rest of the HR impacts. But the ISO standard addresses every aspect of an employee's experience from the start of employment to the end, which the ISO standard calls the HR Management Life Cycle.

Beyond that, the standard also includes important aspects of a DEI program that fall outside the HR realm. Specifically, the ISO organization rightly identifies that a successful diversity and inclusion effort will include the development of the organization's products and services; the diversity of the supply chain and procurement program; relationships with external stakeholders such as the community where it does business; and an inclusive organizational culture.

With respect to each of these areas, the standard sets forth the necessary components to ensure that diversity and inclusion is integrated into these five important categories. It goes far beyond the vague definitions of diversity and inclusion that have existed in the past, and provides concrete, detailed examples of an integrated DEI strategy on all fronts.

Standard 30415 also details the policy and organizational framework that must be implemented in order for diversity and inclusion efforts to be truly embedded in the organization. For example, it sets forth prerequisites that must be in place for DEI initiatives to succeed. It emphasizes the importance of identifying the governance, accountabilities, and responsibilities for each aspect of the DEI work inside an organization. It then suggests how to identify opportunities and risks while also establishing measures and actions for each component of the DEI program.

How Zurich is helping customers mitigate DEI risk

Using the ISO standard as the foundation, Zurich Resilience Solutions developed its Workplace Diversity, Equity and Inclusion Service to help organizations strategically assess and achieve their DEI goals. Working in exclusive collaboration with Inclusion Score — which helped develop ISO Standard 30415 — Zurich's new consulting service will assess an organization's DEI maturity based on a Capability Maturity Model Integration Score that is aligned to the requirements of the standard.

This will include detailing where an organization is successful and where it may be falling short. The result is an "improvement roadmap" that identifies critical focus areas to help companies advance their efforts, demonstrate compliance, and embed diversity and inclusion throughout the organization.

Zurich Resilience Solutions can serve as your trusted advisor to support your organization through the entire process and help you achieve the needed improvements. Because there is no one-size-fits-all solution, Zurich's experienced Risk Engineers will tailor their efforts to each organization, its culture, vision, and purpose, as well as its specific needs and opportunities.

The outcome is a DEI improvement roadmap that is achievable and impactful to meet your specific requirements and help you reach a true definition of success. Zurich Resilience Solutions is committed to helping every size organization reach the next level of maturity in their DEI journey and supporting them throughout the process.



Elise White is the Director of Workforce Resilience for Zurich Resilience Solutions. Elise provides Diversity, Equity, and Inclusion (DEI) and other consulting services that help companies strengthen inclusion and workplace culture and advance social impact. Elise brings a multifaceted background in Workers' Compensation, Claims, and DEI that helps her identify opportunities to strengthen worker safety and engagement as well as business outcomes. Certified in the International Organization for Standardization (ISO) global diversity and inclusion standard, Elise holds a BA in Criminal Justice from Temple University and an MBA in Organizational Leadership from Wilmington University.



References

1. The [International Organization for Standardization \(ISO\)](#) is an international nongovernmental organization made up of national standards bodies that develops and publishes a wide range of proprietary, industrial, and commercial standards. ISO is comprised of representatives from various national standards organizations.
2. "EEOC Releases Annual Performance Report for Fiscal Year 2022." U.S. Equal Employment Opportunity Commission. 13 March 2023.
3. Dixon-Fyle, Sundiatu, et.al. "Diversity Wins: How Inclusion Matters." McKinsey & Co. 19 May 2020.
4. Lorenzo, Rocio, et.al. "How Diverse Leadership Teams Boost Innovation." Boston Consulting Group. 23 January 2018.
5. McFeely, Shane and Ben Wigert. "This Fixable Problem Costs U.S. Businesses \$1 Trillion." Gallup. 13 March 2019.
6. "Getting Real About Inclusive Leadership (Report)." Catalyst. 21 November 2019.

The Zurich Services Corporation Zurich Resilience Solutions | Risk Engineering

1299 Zurich Way, Schaumburg, IL 60196-1056
800 982-5964 www.zurichna.com

The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guideline, which you can use to create your own policies and procedures. We trust that you will customize these samples to reflect your own operations and believe that these samples may serve as a helpful platform for this endeavor. Any and all information contained herein is not intended to constitute advice (particularly not legal advice). Accordingly, persons requiring advice should consult independent advisors when developing programs and policies. We do not guarantee the accuracy of this information or any results and further assume no liability in connection with this publication and sample policies and procedures, including any information, methods or safety suggestions contained herein. We undertake no obligation to publicly update or revise any of this information, whether to reflect new information, future developments, events or circumstances or otherwise. Moreover, Zurich reminds you that this cannot be assumed to contain every acceptable safety and compliance procedure or that additional procedures might not be appropriate under the circumstances. The subject matter of this publication is not tied to any specific insurance product nor will adopting these policies and procedures ensure coverage under any insurance policy. Risk Engineering services are provided by The Zurich Services Corporation.

© 2023 The Zurich Services Corporation. All rights reserved.

A1-P0117216-A (11/23) P0656519

